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SEP 9 1953

MEMORANDUM FOR: Chief of Administration, ID/F

SUBJECT: Preparation and Development of Materiel Requirements

I. PROBLEM.

A. In response to your request, a staff study was conducted to accomplish the following:

1. To consolidate the materiel requirements for operational utilization of Area Divisions within ID/F for Fiscal Year 1954.
2. To develop in coordination with all affected personnel a proposed system for future materiel requirement submittals to serve as supporting data for operational planning, budgetary justifications, and as requirement action for the Logistics Office.

II. DISCUSSION.



B. Under the present method of operation Area Divisions are in possession of long-range statements of objectives, but do not possess long-range strategic or operational plans to meet over-all objectives. Short-range planning is currently being done at the division level within the framework of long-range objectives but unrelated to any statement of long-range strategic plans and submitted to Senior Staffs for review, adjustment, and approval. Materiel forecasts are extremely difficult to prepare without comprehension by all Agency logistical elements of the relationship of an isolated operational plan to the long-range strategic planning. It is recommended that consideration be given to a complete study and examination of all current plan-

referencing ID/F Administration support responsibilities for CIA strategic planning, which for the greater part have not been accomplished to date.

Materiel annexes properly substantiated do not currently form the basis of a budgetary justification, but in essence are formulated after a monetary figure has been determined. Logistics

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Personnel within Area Division Headquarters having Senior Representatives overseas are not in possession of the factual data required to convert this knowledge into justifiable line items of materiel. Case officers responsible for operational projects are not completely knowledgeable so far as specific details are concerned so that they can convey adequately to their Area Logistics Officers the type of information considered essential for development of materiel requirements.

- D. One of the difficulties of the 1954 Requirement Exercise was the lack of basic information available within the Requirements Staff of the Logistics Office. Even if the requirements submitted were in proper form, adequately identified and in justifiable quantities, there is reason to assume that because of the techniques employed in the translation of these requirements to monetary values, this exercise would have been equally as complicated.
- E. The application of the DD/P materiel requirements by IBM methods was done at an "inconvenient" time. This inconvenience is explained by lack of sufficient time for the Logistics Office to combine two machine records systems. These two systems currently being integrated are the old OPC Commodity Code System used by the Requirements Staff, Logistics Office, and the Federal Identification Numerical System in use by the Supply Division, Logistics Office. This situation resulted in a product which for the greater part did not reflect the actual monetary value of the requirements submitted by the Area Divisions and consequently resulted in considerable manual effort. Discussions with Col. [redacted] of the Logistics Office with regard to this problem have resulted in his specific direction for corrective action.

- C. It is recommended that certain adjustments be made in [redacted]

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to clarify Divisional responsibility in the technique of supporting budget justifications for material requirements and make provisions for contractual and administrative expenditures heretofore undefined. The Assistant for Finance and Analysis, DD/P Administration

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- D. These papers when approved will rectify existing discrepancies in responsibility and method of preparation of material requirements and budgetary justifications.

#### IV. APPLICATION OF INVENTORIES.

- A. The Logistics Office has applied an inventory excess to the needs of the strategic reserve requirements in the sum of [redacted] This figure represents identifiable inventories within the knowledge of the Logistics Office and does not consider factors such as shelf-deterioration, cannibalization or non-operable materiel. Further, this figure does not reflect stock level balances required to be maintained for operational levels, and as such, were this figure to be deducted from the gross requirements, the materiel which it represents would be exhausted as of the first of Fiscal Year 1955.

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#### V. INVENTORY TEAM.

- A. It is significant to point out that as of 1 October 1953, an inventory team from the Logistics Office, accompanied by a Logistics Officer from the Area Division, will embark for the overseas [redacted] to institute a stock control system; take a physical inventory count; set up boards of survey; and accountability [redacted]

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B. [redacted]

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#### VI. TABLES OF EQUIPMENT AND ALLOWANCES.

- A. It is anticipated that within the near future, coordination will be effected between the Senior Staffs of DD/P and the Assistant to Chief of Administration (for Logistics), assisted by the Logistics Officers of the Area Divisions, for the formulation of Tables of Equipment and Allowances based on Area experience factors. Certain

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basic groundwork has been accomplished in this field by the PM Staff, Area Divisions, and the Logistics Office and the materiel will be reviewed to determine its applicability.

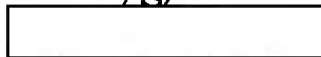
- B. When basic TEAA's are developed, the three major component parts of the materiel picture will have been properly shaped. These are:
1. Basic TEAA's
  2. Proper formulation of materiel requirements
  3. Adequate and accurate inventories.



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